

FEB 03 2011

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Ronald B. MacDonald [1946-2002]

♦ Also admitted in Washington  
▲ Also admitted in Massachusetts

February 2, 2011

**RE: Butte Mine Flooding Consent Decree – MRI Future Remediation Claim Escrow  
Annual Report**

Dear Parties:

This Annual Report is made on behalf of Montana Resources, Inc. ("MRI") to conform to the Order entered by the United States Bankruptcy Court for the Southern District of Texas, Case No. 05-21207, In re: ASARCO LLC, et al. (Debtors) on December 27, 2007. The Order approved the Partial Settlement Agreement Regarding The Silver Bow Creek/Butte Superfund Site and Butte Mine filed on December 3, 2007 ("Settlement Agreement"). By Order dated April 17, 2008 the United States District Court for the District of Montana also approved the Settlement Agreement. On December 9, 2009, MRI received a distribution on the MRI Future Remediation Claim. In January 2010, MRI established an escrow account at First Interstate Bank, 101 E. Front Street, Missoula, Montana 59802, for the sole purpose of investing and distributing proceeds of payments received on the MRI Future Remediation Claim. The escrow account has identification #7269947 ("Escrow Account").

In accord with the Settlement Agreement, MRI reports the following for the year 2010:

1. The beginning balance in the Escrow Account was Ten Million One Hundred Fourteen Thousand Seven Hundred Nine Dollars (\$10,114,709).
2. Two Million Seventy Two Thousand Nine Hundred Twenty Nine Dollars (\$2,072,929) was disbursed from the Escrow Account for the following:
  - a. One Thousand Dollars (\$1,000) was paid to First Interstate Bank as an annual escrow fee; and,

February 2, 2011

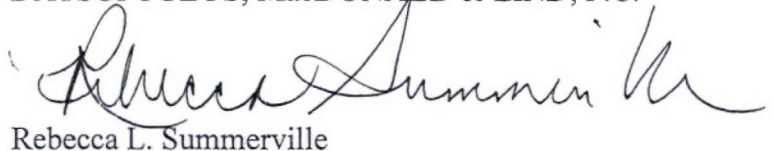
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- b. Two Million Seventy One Thousand Nine Hundred Twenty Nine Dollars (\$2,071,929) was paid to Montana Resources, LLP, (the "Partnership") for the Partnership's cost of Work (as that term is defined in the Butte Mine Flooding Operable Unit Consent Decree which was entered on August 14, 2002) performed during the time period of April 17, 2008 to June 30, 2010.
3. Interest earned on the funds held in the Escrow Account was Seventy Two Thousand Nine Hundred Sixty One Dollars (\$72,961).
4. The Escrow Account balance at December 31, 2010 was Eight Million One Hundred Fourteen Thousand Seven Hundred Forty One Dollars (\$8,114,741).

Please contact me if you have any questions concerning this Annual Report.

Very truly yours,

DATSOPOULOS, MacDONALD & LIND, P.C.



Rebecca L. Summerville

RLS/dm

**MAILED TO:**

United States:

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As to the Settling Federal Agencies:

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State or DEQ:

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